

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1165

Introduced by Janssen, 15

Read first time January 18, 2006

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-3446, Reissue Revised Statutes of Nebraska, and
3 section 77-3442, Revised Statutes Supplement, 2005; to
4 change levy and budget restrictions as prescribed;
5 to repeal the original sections; and to declare an
6 emergency.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3442, Revised Statutes Supplement,
2 2005, is amended to read:

3 77-3442 (1) Property tax levies for the support of local
4 governments for fiscal years beginning on or after July 1, 1998,
5 shall be limited to the amounts set forth in this section except as
6 provided in section 77-3444.

7 (2)(a) Except as provided in subdivision (2)(b) of this
8 section, school districts and multiple-district school systems may
9 levy a maximum levy of (i) one dollar and five cents per one
10 hundred dollars of taxable valuation of property subject to the
11 levy for fiscal years 2003-04 through 2007-08 and (ii) one dollar
12 per one hundred dollars of taxable valuation of property subject to
13 the levy for all fiscal years except fiscal years 2003-04 through
14 2007-08. Excluded from this limitation are amounts levied to pay
15 for sums agreed to be paid by a school district to certificated
16 employees in exchange for a voluntary termination of employment
17 and amounts levied to pay for special building funds and sinking
18 funds established for projects commenced prior to April 1, 1996,
19 for construction, expansion, or alteration of school district
20 buildings. For purposes of this subsection, commenced means any
21 action taken by the school board on the record which commits
22 the board to expend district funds in planning, constructing, or
23 carrying out the project.

24 (b) Federal aid school districts may exceed the maximum
25 levy prescribed by subdivision (2)(a) of this section only to

1 the extent necessary to qualify to receive federal aid pursuant
2 to Title VIII of Public Law 103-382, as such title existed on
3 September 1, 2001. For purposes of this subdivision, federal
4 aid school district means any school district which receives ten
5 percent or more of the revenue for its general fund budget from
6 federal government sources pursuant to Title VIII of Public Law
7 103-382, as such title existed on September 1, 2001.

8 (c) For school fiscal year 2002-03 through school fiscal
9 year 2007-08, school districts and multiple-district school systems
10 may, upon a three-fourths majority vote of the school board of
11 the school district, the board of the unified system, or the
12 school board of the high school district of the multiple-district
13 school system that is not a unified system, exceed the maximum
14 levy prescribed by subdivision (2)(a) of this section in an amount
15 equal to the net difference between the amount of state aid that
16 would have been provided under the Tax Equity and Educational
17 Opportunities Support Act without the temporary aid adjustment
18 factor and if subdivision (3) of section 79-1007.02 and subsections
19 (2) and (5) of section 79-1008.01 had applied for the ensuing
20 school fiscal year for the school district or multiple-district
21 school system and the amount provided with the temporary aid
22 adjustment factor and if subdivision (4) of section 79-1007.02
23 and subsections (3) and (6) of section 79-1008.01 had applied.
24 The State Department of Education shall certify to the school
25 districts and multiple-district school systems the amount by which

1 the maximum levy may be exceeded for the next school fiscal
2 year pursuant to subdivision (2)(c) of this section on or before
3 February 15 for school fiscal years 2004-05 through 2007-08.

4 (3) Community colleges may levy a maximum levy on each
5 one hundred dollars of taxable property subject to the levy of
6 seven cents, plus amounts allowed under subsection (7) of section
7 85-1536.01, except that any community college whose valuation per
8 reported aid equivalent student as defined in section 85-1503 was
9 less than eighty-two percent of the average valuation per statewide
10 reimbursable reported aid equivalent total as defined in section
11 85-1503 for all community colleges for fiscal year 1997-98 may levy
12 up to an additional one-half cent for each of fiscal years 2005-06
13 and 2006-07 upon a three-fourths majority vote of the board.

14 (4) Natural resources districts may levy a maximum levy
15 of four and one-half cents per one hundred dollars of taxable
16 valuation of property subject to the levy. Natural resources
17 districts shall also have the power and authority to levy a
18 tax equal to the dollar amount by which their restricted funds
19 budgeted to administer and implement ground water management
20 activities and integrated management activities under the Nebraska
21 Ground Water Management and Protection Act exceed their restricted
22 funds budgeted to administer and implement ground water management
23 activities and integrated management activities for FY2003-04, not
24 to exceed one cent on each one hundred dollars of taxable valuation
25 annually on all of the taxable property within the district.

1 (5) Educational service units may levy a maximum levy of
2 one and one-half cents per one hundred dollars of taxable valuation
3 of property subject to the levy.

4 (6)(a) Incorporated cities and villages which are not
5 within the boundaries of a municipal county may levy a maximum levy
6 of forty-five cents per one hundred dollars of taxable valuation
7 of property subject to the levy plus an additional five cents per
8 one hundred dollars of taxable valuation to provide financing for
9 the municipality's share of revenue required under an agreement
10 or agreements executed pursuant to the Interlocal Cooperation Act
11 or the Joint Public Agency Act. The maximum levy shall include
12 amounts levied to pay for sums to support a library pursuant
13 to section 51-201, museum pursuant to section 51-501, visiting
14 community nurse, home health nurse, or home health agency pursuant
15 to section 71-1637, or statue, memorial, or monument pursuant to
16 section 80-202.

17 (b) Incorporated cities and villages which are within the
18 boundaries of a municipal county may levy a maximum levy of ninety
19 cents per one hundred dollars of taxable valuation of property
20 subject to the levy. The maximum levy shall include amounts paid
21 to a municipal county for county services, amounts levied to pay
22 for sums to support a library pursuant to section 51-201, a museum
23 pursuant to section 51-501, a visiting community nurse, home health
24 nurse, or home health agency pursuant to section 71-1637, or a
25 statue, memorial, or monument pursuant to section 80-202.

1 (7) Sanitary and improvement districts which have been in
2 existence for more than five years may levy a maximum levy of forty
3 cents per one hundred dollars of taxable valuation of property
4 subject to the levy, and sanitary and improvement districts which
5 have been in existence for five years or less shall not have
6 a maximum levy. Unconsolidated sanitary and improvement districts
7 which have been in existence for more than five years and are
8 located in a municipal county may levy a maximum of eighty-five
9 cents per hundred dollars of taxable valuation of property subject
10 to the levy.

11 (8) Counties may levy or authorize a maximum levy of
12 fifty cents per one hundred dollars of taxable valuation of
13 property subject to the levy, except that five cents per one
14 hundred dollars of taxable valuation of property subject to the
15 levy may only be levied to provide financing for the county's
16 share of revenue required under an agreement or agreements executed
17 pursuant to the Interlocal Cooperation Act or the Joint Public
18 Agency Act. The maximum levy shall include amounts levied to pay
19 for sums to support a library pursuant to section 51-201 or museum
20 pursuant to section 51-501. The county may allocate up to fifteen
21 cents of its authority to other political subdivisions subject
22 to allocation of property tax authority under subsection (1) of
23 section 77-3443 and not specifically covered in this section to
24 levy taxes as authorized by law which do not collectively exceed
25 fifteen cents per one hundred dollars of taxable valuation on any

1 parcel or item of taxable property. The county may allocate to
2 one or more other political subdivisions subject to allocation
3 of property tax authority by the county under subsection (1) of
4 section 77-3443 some or all of the county's five cents per one
5 hundred dollars of valuation authorized for support of an agreement
6 or agreements to be levied by the political subdivision for the
7 purpose of supporting that political subdivision's share of revenue
8 required under an agreement or agreements executed pursuant to the
9 Interlocal Cooperation Act or the Joint Public Agency Act. If an
10 allocation by a county would cause another county to exceed its
11 levy authority under this section, the second county may exceed the
12 levy authority in order to levy the amount allocated.

13 (9) Municipal counties may levy or authorize a maximum
14 levy of one dollar per one hundred dollars of taxable valuation
15 of property subject to the levy. The municipal county may allocate
16 levy authority to any political subdivision or entity subject to
17 allocation under section 77-3443.

18 (10) The following property tax levies are not included
19 in the levy limits established by this section:

20 ~~(10)~~ (a) Property tax levies for judgments, except
21 judgments or orders from the Commission of Industrial Relations,
22 obtained against a political subdivision which require or obligate
23 a political subdivision to pay such judgment, to the extent such
24 judgment is not paid by liability insurance coverage of a political
25 subdivision; 7

1 (b) Property tax levies for preexisting lease-purchase
2 contracts approved prior to July 1, 1998;

3 (c) Property tax levies for bonded indebtedness approved
4 according to law and secured by a levy on property; and

5 (d) Property tax levies for payments by a public airport
6 to retire interest-free loans from the Department of Aeronautics in
7 lieu of bonded indebtedness at a lower cost to the public airport;
8 are not included in the levy limits established by this section.

9 (e) Property tax levies for any increase in insurance
10 costs over the insurance costs budgeted and spent for the fiscal
11 year ending during 2006;

12 (f) Property tax levies for any increase in retirement
13 costs over the retirement costs budgeted and spent for the fiscal
14 year ending during 2006; and

15 (g) Property tax levies for any increase in drug
16 prevention and enforcement costs over the drug prevention and
17 enforcement costs budgeted and spent for the fiscal year ending
18 during 2006.

19 (11) The limitations on tax levies provided in this
20 section are to include all other general or special levies
21 provided by law. Notwithstanding other provisions of law, the
22 only exceptions to the limits in this section are those provided by
23 or authorized by sections 77-3442 to 77-3444.

24 (12) Tax levies in excess of the limitations in this
25 section shall be considered unauthorized levies under section

1 77-1606 unless approved under section 77-3444.

2 (13) For purposes of sections 77-3442 to 77-3444,
3 political subdivision means a political subdivision of this state
4 and a county agricultural society.

5 Sec. 2. Section 77-3446, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 77-3446 Base limitation means the budget limitation rate
8 applicable to school districts and the limitation on growth
9 of restricted funds applicable to other political subdivisions,
10 plus the percentage increase budgeted to pay any increase in
11 insurance, drug prevention and enforcement, and retirement costs
12 over the prior fiscal year for both school districts and political
13 subdivisions, prior to any increases in the rate as a result of
14 special actions taken by a supermajority of any governing board or
15 of any exception allowed by law. The base limitation is two and
16 one-half percent until adjusted, except that the base limitation
17 for school districts for school fiscal years 2003-04 and 2004-05
18 is zero, plus the percentage increase budgeted to pay any increase
19 in insurance, drug prevention and enforcement, and retirement costs
20 over the prior fiscal year for both school districts and political
21 subdivisions. The base limitation may be adjusted annually by the
22 Legislature to reflect other changes in the prices of services and
23 products used by school districts and political subdivisions.

24 Sec. 3. Original section 77-3446, Reissue Revised
25 Statutes of Nebraska, and section 77-3442, Revised Statutes

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1 Supplement, 2005, are repealed.

2 Sec. 4. Since an emergency exists, this act takes effect

3 when passed and approved according to law.